

MATTRESS FIRM AND PANERA BREAD

38295 CHESTNUT RIDGE RD
ELYRIA, OHIO 44038



CBRE

Capital Markets | Net Lease Property Group - Midwest

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Your receipt of this Memorandum constitutes your acknowledgment that (i) it is a confidential

Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property (“Owner”) or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc. If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

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This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented “as is” without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents,

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The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

ALL PARCEL LINES ON SITE PLAN AND AERIALS ARE APPROXIMATE.



TABLE OF

CONTENTS

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04 Executive Summary

The Offering
Financial Overview
Investment Highlights
Area Retailers
Regional Map

10 Property Description

Site Plan
Tenant Profiles
Property Highlights

13 Market Overview

Cleveland MSA
Demographic Maps

THE OFFERING

CBRE's Net Lease Property Group is pleased to present to qualified investors, the opportunity to acquire 100% fee interest in an 8,800 square foot retail center in Elyria, OH. Elyria is located 30 miles southwest of downtown Cleveland at the junction of the two forks of the Black River. The Property is 100% leased by two strong national tenants, Mattress Firm and Panera Bread, both with just under 7 years of lease term remaining. The leases include 10% rental increases throughout and at least two 5-year options to extend.

Offering Price	\$3,877,000
Cap Rate	7.50%
Net Operating Income	\$290,800
Building Size	8,800 Square Feet
Lot Size	± 1.915 Acres / 83,434 Square Feet
Year Built	2016

The Property is well positioned on Chestnut Ridge Road, just east of Highway 20 at a fully signalized intersection. With 33,434 cars per day on Highway 20 and 7,379 cars on Chestnut Ridge Road, Mattress Firm and Panera as well as the surrounding retailers enjoy exceptional traffic.



FINANCIAL OVERVIEW

TENANT	MATTRESS FIRM
Current Annual Rent	\$157,500
Lease Structure	Net
Suite Size	4,500 Square Feet
Guarantor	Corporate
Initial Lease Term	10 Years
Lease Commencement	1/4/2016
Lease Expiration	1/31/2026
Lease Term Remaining	6 Years, 9 Months
Renewal Options	Two, 5-Year Options
Rental Increases	10% in Year 6 and each option period
Landlord Responsibilities	Landlord is responsible for the exterior parking, landscape areas, roofing, gutters, downspouts, exterior painting, wiring, plumbing, pipes, conduits and equipment which serve the Premises but are not located within the interior thereof, and structural portions (See section 6.1 of lease for full outline).
Tenant Responsibilities	Tenant is responsible for all interior non-structural portions of the Premises.
Taxes	Tenant
Insurance	Tenant is to carry property and liability insurance covering the Property. Tenant reimburses its pro rata share of Landlord's insurance expense.
Utilities	Tenant
Assignment/Subletting	Tenant shall not assign this Lease or sublet all or any part of the Premises without the prior written consent of Landlord. In the event of an assignment or a subletting, Tenant shall nonetheless remain responsible for any of the obligations under this Lease for the balance of the Term and any Extension Periods properly exercised.
CAM	Tenant's CAM reimbursements are subject to an annual 5.0% non-cumulative CAM increase cap which excludes snow removal and utilities. 10% admin fee on non-capped CAM.

TENANT	PANERA BREAD
Current Annual Rent	\$133,300
Lease Structure	Net
Suite Size	4,300 Square Feet
Guarantor	Franchisee
Initial Lease Term	10 Years
Lease Commencement	3/23/2016
Lease Expiration	3/31/2026
Lease Term Remaining	6 Years, 11 Months
Renewal Options	Three, 5-Year Options
Rental Increases	10% in Year 6 and 5% in each option period
Landlord Responsibilities	Landlord shall maintain the roof, and the exterior building walls (not including doors, windows and awnings), and structural components of the Premises.
Tenant Responsibilities	Tenant shall, at Tenant's sole cost and expense, keep the Premises and every part thereof (except maintenance to be performed by Landlord pursuant to the preceding sentence), including, without limitation, any interior plumbing systems, in good and sanitary condition and repair.
Taxes	Tenant
Insurance	Tenant
Utilities	Tenant
Assignment/Subletting	Tenant shall not transfer, assign, sublet, enter into license or concession agreements, mortgage or hypothecate this Lease or Tenant's interest in and to the Premises, in whole or in part, without first procuring the written consent of Landlord thereto. Regardless of Landlord's consent, no transfer, assignment, subletting, license or concession, or hypothecation shall release Tenant of Tenant's obligations hereunder or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant under this Lease, but only until the expiration of the then current term of this Lease (whether it be the Initial Term or any Renewal Term).
CAM	3% noncumulative cap, 5% admin fee on non-capped CAM.

RENT ROLL

TENANT INFO		LEASE TERMS		RENT SUMMARY					
TENANT NAME	SQUARE FOOTAGE	LEASE START	LEASE END	CURRENT RENT	MONTHLY RENT	MONTHLY RENT/SF	ANNUAL RENT	ANNUAL RENT/SF	
Mattress Firm	4,500	1/4/2016	1/31/2021	\$157,500	\$13,125.00	\$2.92	\$157,500	\$35.00	
		2/1/2021	1/31/2026		\$14,437.50	\$3.21	\$173,250	\$38.50	
		Option 1	2/1/2027	1/31/2031		\$15,881.25	\$3.53	\$190,575	\$42.35
		Option 2	2/1/2031	1/31/2036		\$17,467.50	\$3.88	\$209,610	\$46.58
Panera Bread	4,300	3/23/2016	3/31/2021	\$133,300	\$11,108.33	\$2.58	\$133,300	\$31.00	
		4/1/2021	3/31/2026		\$12,219.17	\$2.84	\$146,630	\$34.10	
		OPTION 1	4/1/2026	3/31/2031		\$12,828.33	\$2.98	\$153,940	\$35.80
		OPTION 2	4/1/2031	3/31/2036		\$13,473.33	\$3.13	\$161,680	\$37.60
		OPTION 3	4/1/2036	3/31/2041		\$14,143.42	\$3.29	\$169,721	\$39.47
TOTAL:	8,800			\$290,800	\$24,233.33	\$5.50	\$290,800	\$66.00	



INTERNET-PROOF RETAIL TENANCY:

The Center is 100% occupied and enjoys excellent income stability due to all income coming from national internet-proof tenants. Both leases have strong 10% rental increases throughout their lease term and options. Mattress Firm has two 5-year options to extend and Panera Bread has three 5-year options.



NEW CONSTRUCTION:

The Center is newly constructed and has been flawlessly maintained, providing the incoming owner minimal capital improvement risk.



HIGH TRAFFIC VOLUME:

Mattress Firm & Panera Bread are highly visible at the southeast corner of Chestnut Ridge Road and Highway 20. Daily traffic counts at the signalized intersection are nearly 41,000 vehicles per day. The Center also benefits from no impeding outlots and ±530 feet of frontage.



STRONG PARENT COMPANY:

The Panera Bread tenant is Dalcan, LLC which is a subsidiary of Covelli Enterprises, the largest Panera Bread franchisee in the country. According to their website, Covelli Enterprises owns 289 Panera Bread locations nationally.



ZERO MATTRESS FIRM COMPETITION:

The closest mattress store is a small OH/PA chain (40 stores) located less than a half mile north of the site. Mattress Firm currently operates over 3,000 stores across 49 states and has the largest geographic footprint in the United States among multi-branded mattress retailers. The next closest Mattress Firm is 12 miles northeast in Olmsted, OH.

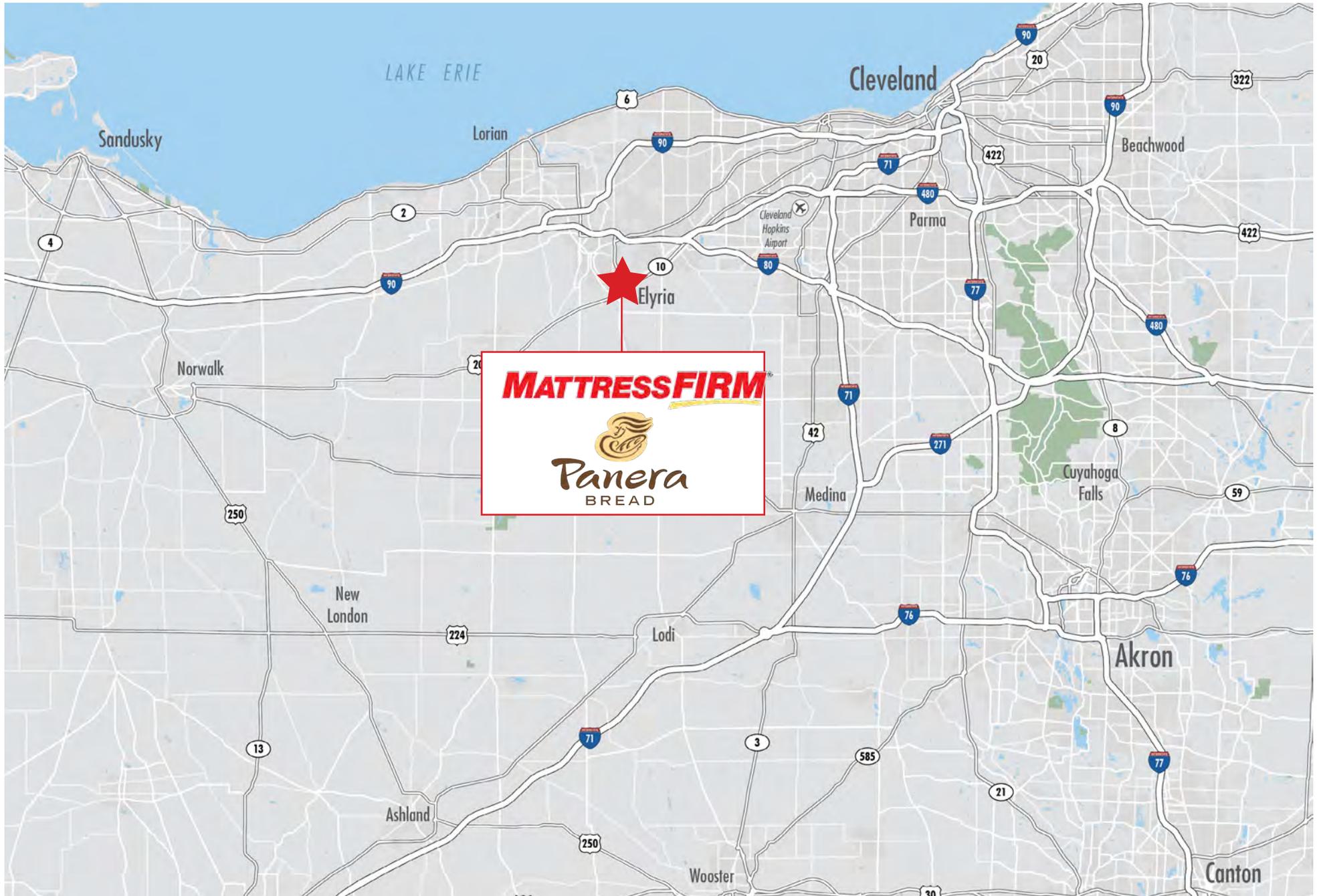


TRADE AREA DEMOGRAPHICS:

Mattress Firm and Panera Bread serve a primary trade area that extends three-miles in all directions. Within this trade area is an estimated population 41,324 people earning an average household income of \$63,194. When extended to a five-mile radius from the Property, the population swells to 91,818 residents with an average household income of 65,953.

AERIAL VIEW LOOKING NORTH





SITE PLAN





MATTRESS FIRM® Mattress Firm currently operates over 3,000 stores across 49 states under the Mattress Firm, Sleepy's, and Sleep Train brand names. The Houston-based company that was founded in 1986 has the largest geographic footprint in the United States among multi-brand mattress retailers. On August 8, 2016, South African-based Steinhoff International Holdings announced it had entered into a definitive merger agreement with Mattress Firm under which Steinhoff would acquire Mattress Firm, and on September 16, 2016, the transaction closed for \$3.8 billion. Mattress was removed from NASDAQ and became a wholly-owned subsidiary of Steinhoff, which is listed on the Frankfurt Stock Exchange.



Panera Bread Company is a leader in the quick-casual restaurant business with more than 2,000 bakery-cafes in 46 states and Canada. Its locations, which operate under the banners Panera Bread, Saint Louis Bread Co., and Paradise Bakery & Café, offer made-to-order sandwiches using a variety of artisan breads. The chain's menu also features soups, salads, and gourmet coffees. More than 800 of its locations are company-operated, while the rest are run by franchisees. Panera employs over 100,000 associates and has over \$5 billion in system-wide sales. Panera Bread Company was founded in 1981 and is based in St. Louis, Missouri. The company was taken private by JAB Holdings for \$7.16B in 2017.

PROPERTY HIGHLIGHTS

Location

38295 Chestnut Ridge Road, Elyria, OH 44035

General Description

One-story, two tenant retail building

Year Built

2016

Building Size

8,800 Square Feet

Land Area

± 1.915 Acres / 83,434 Square Feet

Parking

Surface parking is provided for 72 vehicles, or 8.18 spaces per 1,000 SF of GLA.

Zoning

RC-1 (Regional Commercial District)

Access

Ingress and egress are provided via two points along Chestnut Ridge Road.

Frontage/Visibility

The Property is highly visible from Chestnut Ridge Road and Highway 20 with no impeding outlots and ±530 feet of frontage.

Flood Zone

According to the flood hazard maps published by the FEMA, the site is within Zone X as indicated on Community Map Panel No. 39093C0229D dated August 19, 2008. Zone X, an area that is determined to be outside the 100- and 500-year flood plains.



Elyria, located 30 miles southwest of downtown Cleveland, is in northeastern Ohio at the junction of the two forks of the Black River. Elyria has a current population of approximately 55,000, is the county seat of Lorain County and part of the Cleveland-Elyria Metropolitan Statistical Area (“MSA”).

On the banks of Lake Erie, the city of Cleveland (Population: 381,226), which lies 40 miles north of Akron and 130 miles northwest of Pittsburgh, is the principal city of the Cleveland-Elyria MSA and the county seat of Cuyahoga County. The MSA includes five counties and has a total population of 2.07 million.

The Greater Cleveland area continues to be one of the preferred locations in the State of Ohio. Greater Cleveland offers many desirable amenities, a high standard of living, and a healthy economy that attracts businesses to the area.



MARKET OVERVIEW

ECONOMY

Once known as a steel town during the Industrial Era of Ohio's development, it is now a healthy mix of manufacturing and service industries. Although manufacturing is still a primary economic sector, Cleveland has diversified its economy with the following sectors: transportation, health care, insurance, retailing, utilities, commercial banking and finance. The Cleveland MSA serves as headquarters to 14 companies on the Fortune 1000 list, both industrial and nonindustrial.

Major Cleveland area employers include Cleveland Clinic, University Hospitals Health System, Progressive Insurance, Giant Eagle Inc., General Motors Corporation, MetroHealth System, KeyCorp, Case Western Reserve University and Swagelok Company.

Elyria is home to many businesses and several worldwide headquarters. Invacare, a world leader of mobility care, is headquartered in Elyria, along with RIDGID Tool, Diamond Products, and Bendix Commercial Vehicle Systems.

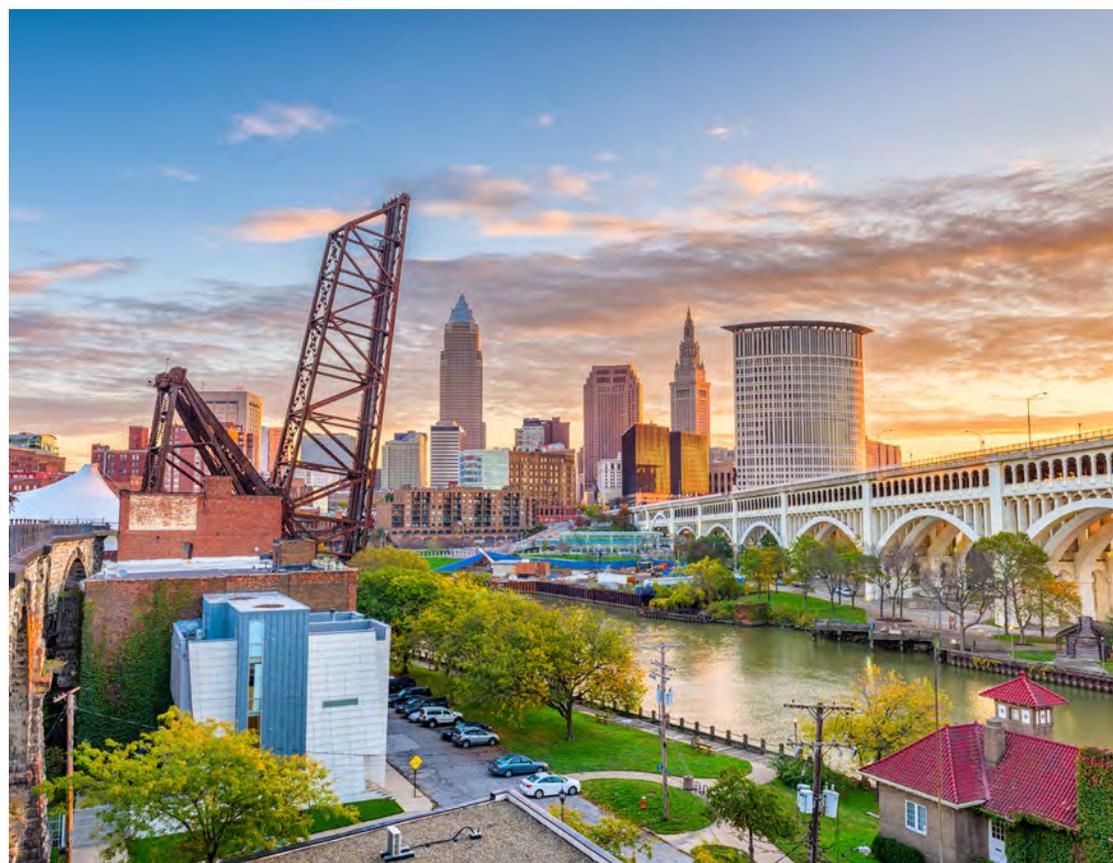
EDUCATION

Cleveland is home to a number of colleges and universities. Most well-known is Case Western Reserve University, the top-ranked private research university in Ohio and one of the best in the United States. Ranked 42nd in the nation, Case Western Reserve has several prominent undergraduate as well as graduate and professional programs. Other colleges and universities in the area include Cleveland Institute of Art, Cleveland Institute of Music and Cleveland State University.



CLEVELAND MSA FORTUNE 1000 COMPANIES

RANK	COMPANY	REVENUE
112	Progressive	\$22,839
190	Sherwin-Williams	\$14,984
256	Parker-Hannifin	\$12,029
412	KeyCorp	\$6,868
465	TravelCenters of America	\$6,052
662	TransDigm Group	\$3,529
672	PolyOne	\$3,452
748	Medical Mutual of Ohio	\$2,895
751	Hyster-Yale Materials Handling	\$2,885
757	Aleris	\$2,857
804	Lincoln Electric Holdings	\$2,624
810	Applied Industrial Technologies	\$2,594
867	Cleveland-Cliffs	\$2,330
939	Nordson	\$2,067



TRANSPORTATION

Cleveland's historical growth can be attributed to the city's strategic location on Lake Erie, which allows local manufacturers to receive raw materials and export finished goods via the Port of Cleveland. The port, located at the mouth of the Cuyahoga River on Lake Erie, is the third largest in the Great Lakes and a major bulk freight terminal.

For those who prefer to travel by land, several major highways serve the city. These include Interstate 71, Interstate 77, Interstate 90, Interstate 480, and Interstate 490 among others. The city is also traversed by Amtrak and several inter-modal freight rail terminals.

The Cleveland Hopkins International Airport offers yet another mode of travel. Cleveland Hopkins International is the busiest airport in Ohio, serving more than nine million passengers annually. The airport offers 156 daily nonstop departures, serving over 50 destinations.

MARKET OVERVIEW

CLEVELAND TOP EMPLOYERS	
COMPANY	# OF EMPLOYEES
Cleveland Clinic	35,291
University Hospitals	19,907
Progressive Corp.	9,330
Giant Eagle Inc.	9,016
General Motors Corp.	6,000
MetroHealth System	5,844
KeyCorp	5,263
Case Western Reserve University	4,443
Swagelok Co.	4,182
Sherwin-Williams Co.	3,602
United Postal Service	3,176
Lincoln Electric Holdings Inc.	2,866
Lubrizol Corp.	2,431
Ford Motor Co.	2,400
Greater Cleveland Regional Transport Authority	2,316
Parker Hannifin Corp.	2,250
ArcelorMittal	2,161
Lake Health	2,074
JCPenney Co.	2,047

QUALITY OF LIFE

Cleveland ranks as one of the country's most livable cities and is very attractive for young professionals. As a mid-sized city, the area is highly regarded for its lively arts and cultural scene, low cost of living, and numerous attractions and natural resources.

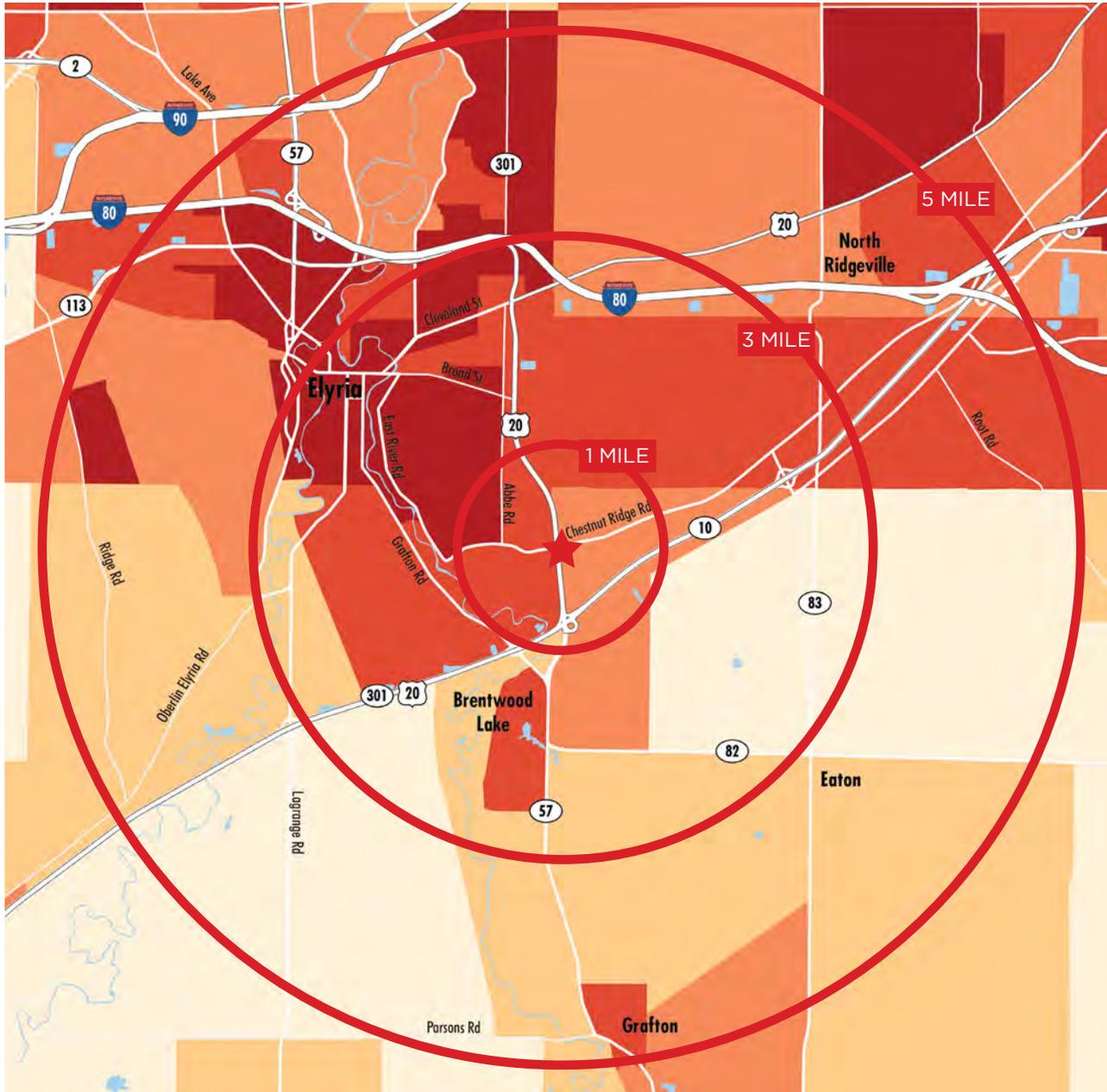
Major attractions in the area include the Rock & Roll Hall of Fame, Cedar Point Amusement Park, Children's Museum of Cleveland, Cleveland Botanical Garden and the Cuyahoga Valley National Park among many others. Cleveland's major professional sports teams include the Cleveland Indians (MLB), Browns (NFL) and the Cavaliers (NBA). The sporting facilities for the area include Progressive Field, First Energy Stadium, Quicken Loans Arena and Wolstein Center.



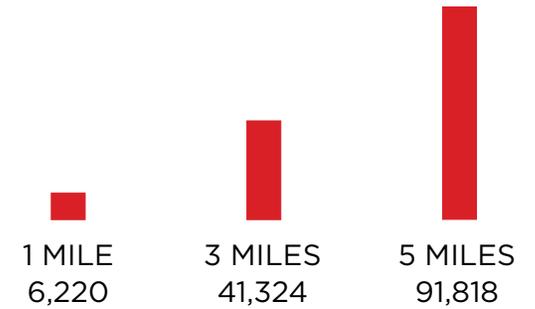
AERIAL VIEW LOOKING NORTHEAST



POPULATION CONCENTRATION MAP



TOTAL POPULATION



DAYTIME POPULATION

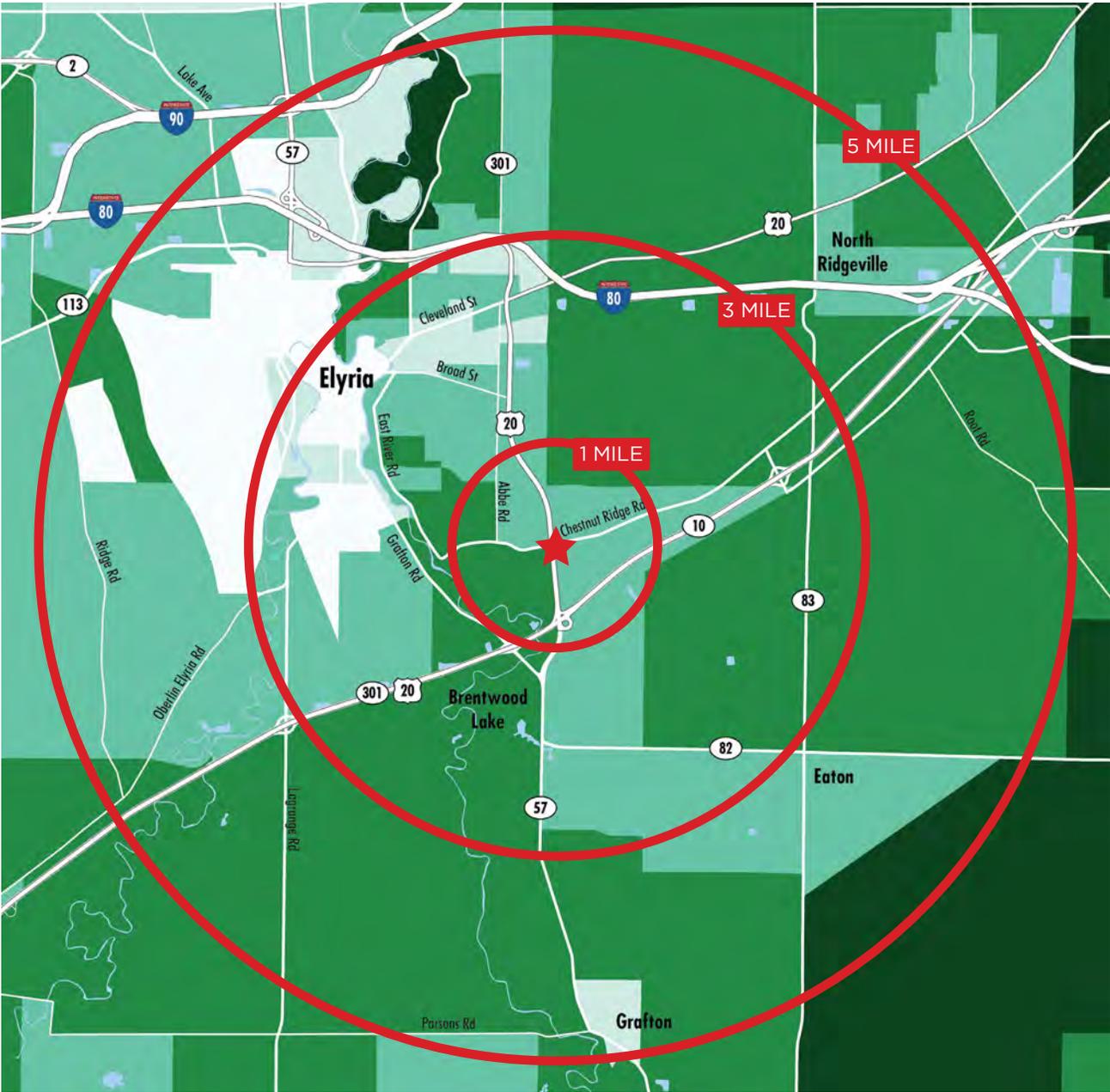


3 MILE
44,573

POPULATION PER SQUARE MILE—2018



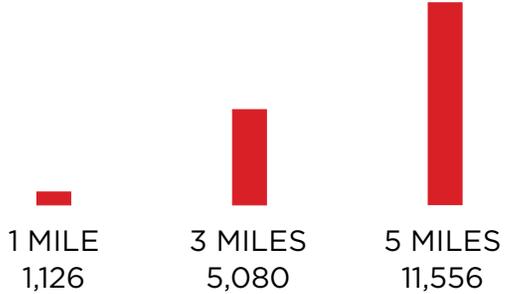
HOUSEHOLD INCOME MAP



 2018 AVERAGE HOUSEHOLD INCOME



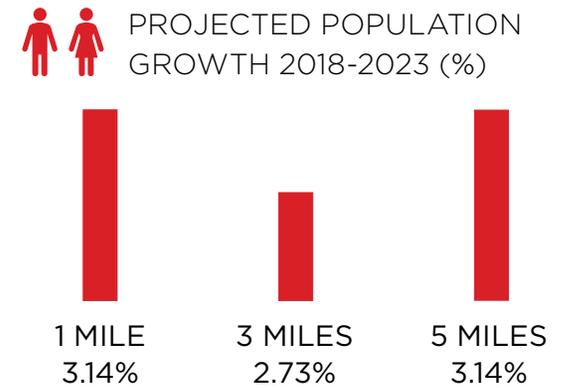
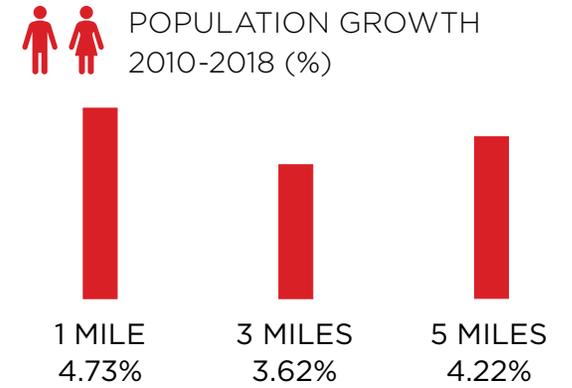
 HOUSEHOLDS EARNING OVER \$50,000 ANNUALLY



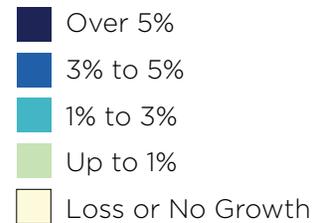
AVERAGE HOUSEHOLD INCOME—2018

-  Over \$100,000
-  \$75,000 to \$100,000
-  \$50,000 to \$75,000
-  \$40,000 to \$50,000
-  Less than \$40,000

POPULATION GROWTH MAP



POPULATION GROWTH 2010—2018



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